3G Network Holdings 1025 Connecticut Avenue, N.W. Suite 1012 Washington, D.C. 20036 Writer's Direct Phone: 202-425-7100 ORIGINAL

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OFFICE OF THE SECRETARY

April 28, 2000

EX PARTE OR LATE FILED

Magalie Roman Salas Secretary Federal Communications Commission 445 12th Street, S.W. Room TW-A325 Washington, D.C. 20554

Re: DA 00-760; Wireless Telecommunications Bureau Sets Comment Schedule for Petitions for Reconsideration of the Order of Reconsideration of the Fourth Report and Order in WT Docket No. 97-82

DA 00-504; C and F Block Broadband PCS Spectrum Auction Scheduled for July 26, 2000, Comment Sought on Reserve Prices or Minimum Opening Bids and Other Auction Procedural Issues

Dear Ms. Salas,

On April 26, 2000, the undersigned, on behalf of 3G Network Holdings (3G), held separate meetings with Adam Krinsky of Commissioner Tristani's office and Bryan Tramont of Commissioner Furchtgott-Roth's office to discuss 3G's position regarding the above-captioned proceedings. Specifically, 3G seeks to preserve the pro-small business and entrepreneur provisions the Commission has established to ensure that huge telecommunications companies do not eliminate prospective competition from designated entities (DEs) by out-bidding them at auction. 3G pointed out that the end-run approach taken by petitioners in DA 00-760 is legally suspect and may subject the Commission to unnecessary challenges under the Administrative Procedures Act, further delaying the productive use of C and F block spectrum. 3G also stated that the petitions in DA 00-760 are untimely-filed and should be dismissed.

First and foremost among the Commission's pro-small business rules is the spectrum set-aside, which helps to level the playing field for start-ups and smaller companies. As the Commission determined in the Fifth Report and Order, bidding credits alone will not suffice. The set-aside must apply to the full complement of C and F block spectrum in all markets, not just for licenses below some arbitrary population cut-off level or for non-competitive slivers of spectrum in larger markets. As 3G noted, next-generation systems require at least 20 MHz for voice and data services to be economical; larger companies are complaining they cannot compete with a mere 30 MHz—how can DEs offer competitive services with less than that amount of spectrum? Set asides have worked to a demonstrable degree thus far, despite a few well-publicized defaults (8 of 141 DEs) due to excessive bidding under the now-abolished installment payment rules. Now is not the time to change this well-considered Commission policy. As 3G further discussed, the set-aside policy is fully consistent with Congress' intent as manifested in Section 309 (j)(4)(d) of the Communications Act of 1934, as amended, to provide meaningful opportunities for DEs to participate in the provision of spectrum-based services.

No. of Copies rec'd ### List ABCDE

3G noted that dozens of members of Congress have gone on the record in rare bipartisan accord to state that the current set-aside provisions of the designated entity program must be preserved for all spectrum in the C and F blocks if the Commission is to adhere to the letter and spirit of Section 309 (j) (see attachments).

In addition, 3G briefly discussed its proposed formulae for setting up-front payment and minimum opening bid levels, as contained in its Reply Comments filed in DA 00-504 (see attachments). The methodology 3G proposes will reduce economic and administrative burdens associated with licenses going unsold while providing a rational and fair means for calculating required payments. Finally, 3G discussed the advisability of rescheduling the C and F block auction to occur at least sixty days after the conclusion of the upcoming 700 MHz TV channel 60-69 auction, currently scheduled to begin on June 12, 2000. This will increase the likelihood that the current legal uncertainties with respect to C and F block spectrum can be resolved prior to auction. It also will afford unsuccessful bidders in the 700 MHz auction sufficient time to reassess their positions and negotiate strategic relationships with prospective C and F block DE bidders, pursuant to all applicable Commission rules and regulations. Given the years of delay associated with these C and F block licenses, a few more weeks will be of no significance to most bidders.

Please include a copy of this ex parte meeting summary in the record for the above-captioned proceedings. If you have any questions, please do not hesitate to call me directly at 202-425-7100.

John Prawat

President and CEO

3G Network Holdings

Attachments

cc: A. Krinsky

B. Tramont

BILLY TAUZIN

COMMITTEE ON COMMERCE

Оменьен. Эмперомыттур Би Телесомонического. Трану, амо большийн Риотестон

COMMITTEE ON RESOURCES

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Congress of the United States House of Representatives Washington. DC 20515–1803

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Triadhome 725—621—8490 Ascendion Parish Colombidure East 828 South Mair Blad. Room 212—4 Gonzales-la 707:17

April 3, 2000

The Honorable William E. Kennard Chairman Federal Communications Commission 445 Twelfth Street, S.W. Room 8-B201H Washington, D.C. 20554

Dear Mr. Chairman:

I am writing to you for three reasons: 1). to urge the Federal Communications Commission (FCC) to retain its "Designated Entity" eligibility rules governing the potential re-auction of certain C and F block spectrum licenses, 2). to urge the FCC to lift present spectrum caps as they apply to other non-reserved portions of C and F block spectrum, and 3). to urge the FCC not to move too quickly to re-auction the spectrum of bankrupt purchasers before the courts or Congress resolve pending litigation.

Designated Entity rules

I do not believe that this is the time for the FCC to change its Designated Entity rules.

To date, the application of the FCC's Designated Entity rules has helped to achieve the goals that Congress set forth in Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)). Namely, these rules have fostered competition, diversity and efficient use of the spectrum in the wireless marketplace via the participation of small business in PCS. Furthermore, these rules have enabled small businesses to provide quality PCS service to small markets and rural areas at very low costs to consumers.

As a result, changing the Designated Entity rules now could very easily thwart the tremendous progress that the FCC has made in disseminating PCS licenses thus far. Such an action could also

retroactively harm small businesses that heavily depend upon the availability of PCS spectrum currently afforded under the Designated Entity framework. Consequently, I would hope that the FCC does not abandon or alter its policy of setting aside C and F block licenses for re-auction to Designated Entities.

Spectrum Cap rules

While I favor keeping portions of spectrum reserved for smaller wireless providers, I believe that the FCC should as well lift the spectrum caps for larger providers as they currently apply to other non-designated portions of the C and F blocks. This could enable these companies to more quickly and efficiently roll-out enhanced "3rd Generation" wireless services that will play an important tole in bringing consumers fully integrated choice in the wireless marketplace.

Furthermore, lifting the spectrum caps could enable smaller providers to partner with larger entities in order to offer these advanced services, on a resold basis, to small and medium sized markets that are not priorities for established carriers. At present, many small carriers have neither the capital nor the spectrum capacity to initiate the roll-out of advanced data wireless services on their own. As a result, these carriers could greatly benefit from opportunities to resell advanced services to rural customers who are unable to receive them from larger carriers. To this extent, such pattnerships could further ensure that American consumers, in both rural and urban areas, continue to have access to seamless, nationwide wireless services upon demand.

Application of the Bankruptcy Laws

Finally, I want to make clear that the FCC must not rush to re-auction the spectrum that is the subject of bankruptcy proceedings. Frankly, there is no legal basis upon which the FCC can disregard the bankruptcy laws and simultaneously refuse to obey a judicially imposed stay of spectrum sales. While I am encouraged that some of the spectrum tied-up in pending litigation will be available for reauction to Designated Entities, I nonetheless urge the FCC not to proceed with re-auctions until these matters are first resolved under the laws of the United States.

With warm regards, I am

Very Truly Yours,

Member of Congress

cc: The Honorable Susan Ness
The Honorable Harold Furchtgott-Roth

United States Senate Washington, DC 20510

Chairman William E. Kennard
Countilisioner Harold Furchtgort-Roth
Commissioner Susza Ness
Commissioner Michael Powell
Commissioner Gloria Tristani
Federal Communications Commission
445 12" Street, SW
Washington, D.C. 20554

Re: Potitions for Waiver of Rigibility Restrictions and CMRS Spectrum Cap Requirements for the July 26, 2000 PCS C and F Block Auction, DA 00-145, DA 00-191, DA 00-318, DA 00-760, and FCC 00-54.

Dear Chairman and Commissioners:

In the event the Commission proceeds with the upcoming re-auction of C- and F-Block licenses, we would urge you to retain the Designated Entity (DE) rules. When Congress mithorized the Commission to auction licenses in the 1993 Omnibus Budget Reconciliation Act, it expressly sought to ensure meaningful participation in these auctions for small businesses and rural telephone companies (otherwise known collectively as DEs). The Commission subsequently set saids a portion of the PCS spectrum for qualified entreprensure and small businesses which it auctioned in 1996.

We understand that the Commission may re-auction C and F block licenses in July of this year, and is currently considering whether the original DE eligibility rules should apply to this re-auction. We see no reason why the Commission should eliminate or compromise the DE rules that originally governed the auction of this set aside spectrum. We believe that the public policy that drove the congressional mandate that small business be able to participate in such auction is as appropriate today as it was in 1993.

The Commission's C- and F- Block auctions have produced a host of benefits to the Carolines. These auctions have allowed for the growth of small business, bringing with it innovation and new jobs to our states. Moreover, these small business entrepreneurs have created healthy competition for wireless services in the region, and provided consumers with alternatives for high-quality, lower cost telescommunications services. Most importantly, these small business providers have brought wireless telephone services to our unserved and underserved rural communities, unlike larger incumbent wireless carriers who currently concentrate their services in the larger communities of our states.

We, therefore, encourage the Commission to preserve the DE rules in the July re-nuction of Cand F-Block licenses. Without such rules, small business will not have the apportunity to bring consumers in our states the same benefits of innovation, competition and service to rural areas of our states. the Helm Sincerely, Strom Thurmord

cc: Magalic Roman Salas, Secretary

TRENT LOTT

MAJORITY LEADER

AMANES

Calmerce Scence, and transportation rules

United States Senate

SLITTO 457, PLICEPELL SENATE OFFICE BLALDING WASHINGTON, BE SEE 10-4403

February 22, 2000

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SIG S. Minimum Strait Suitz 145 Cannamen, MS 20030

The Honorable William Kounerd Chairman, Federal Communications Commission 445 12th Street, SW, Room \$-8201H Washington, DC 26354

Dese Chairman Kennard:

I am writing to urge the Federal Communications Commission to retain its ourcest designated entity eligibility rules governing the potential re-surflon of cortain C and F block broadband licenses.

When Congress sutherized the Commission to conduct sections in 1993, it expressly directed the Commission to provide meaningful apportunities for small businesses to participate in the section process. While the Commission's effects to comply with this directive have not been without controversy, the vest majority of such controversy has surrounded a single component of the program that is no longer in effect. Specifically, as you know, the Commission long ago revised its rules to remove the option of installment payments, a component that has been unicalised with the bankruptory fillings and other instances of user-payment to the Commission. In the post-installment payment plan ers, the Commission's small business suction program has proceeded without any noticeable problems and in a manner that has faifilled the Congressional mandate by making available to the public a wide varioty of sayvices.

Some of the largest wireless players in the nation have recently approached the Commission and requested that either they be granted special waiver to participate as if they were a small business, or to test every entirely meaningful protections for small businesses. A centerpiece of their argument for such roller is that small businesses are somehow ill-equipped to participate in the modern wireless marketplace. The facts suggest that this is not the case. In the southeastern United States alone, several born fide small businesses compete vibrantly in the wireless market. Many have appropriately partnered with larger entitles and provide sessulass, nationwide service. All of this demonstrates the success of the Commission's program to date and argums against the need for any wholesale revision in the Commission's rules.

I understand it has been suggested that small businesses could be legitimately protected by providing them with hidding credits in lieu of existing eligibility provisions. The Commission has already faced this problem and determined that only superate eligibility could meet Congress' directives. At that time, the Commission properly recognized that, absent eligibility limitations, the largest, most entrenched telecommunications carriers could outbid small businesses for key markets strategic to them, and thereby entirely undermine small businesses' ability to compote in the auctions. Nothing has transpired that would warrant the Commission revisiting its long-standing policy at this late date.

There is one final, and perhaps overriding, runner why small business eligibility limitations should remain in place: the Commission's experience with wireless limensing to date has demonstrate that it is the small businesses that are most willing to provide service to small markets and runs areas generally. Nothing illustrates this point better than small business operations in the southeastern United States. There, small business entities are providing services in a partnership somegament with an emphilahed conties. It is the small businesses which are excluding coverage into small and medium sized markets that simply were not a priority for established conties. Small instances have been falfilling the Congressional mendets that the Commission's section program facilitate the provision of new services to under-served area. There is no resent to change this process now.

Although the Commission's PCS licensing has been less than perfect, one very successful component of it has been the licensing apportunities affected to been fide small businesses. Given the pending litigation involving the application of the businessey code and the assumetic stay provision to PCC spectrum seles, I am concerned that the PCC may be moving too quickly to restation the spectrum of business purchases before the courts or Congress restrive this issue. I hope and expect that the Commission will not make changes in this successful program without careful analysis and sound basis for any such changes. With heat wishes, I am

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COMMITTEES
BUDGET
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AND PUBLIC WORKS
FOREIGN RELATIONS

United States Senate

HART SENATE OFFICE BUILDING SUITE 112 WASHINGTON, DC 20510-0505 (202) 224-3553 senator@buxer.senate.gov http://boxer.senate.gov

March 8, 2000

William E. Kennard, Chairman Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554

Dear Chairman Kennard:

In 1993, Congress expressly amended the Communications Act to give the Federal Communications Commission explicit authority to use auctions to choose among mutually exclusive applications for initial licenses to use radio spectrum. In so doing, Congress expressly sought to ensure participation in auctions, and in the provision of spectrum-based services generally, by small businesses, rural telephone companies and businesses owned by women and minorities (sometimes referred to collectively as "Designated Entities").

The FCC has continued its policy of keeping a portion of PCS spectrum set aside for qualified entrepreneurs and small businesses. And not withstanding a few well-publicized cases this has been a tremendous success. In April 1999, the FCC completed a successful re-auction of Entrepreneur Block licenses consistent with these goals. 339 C-Block licenses were successfully re-introduced rapidly and efficiently back into the wireless marketplace. This re-auction provides a case study of the benefits the American public receives as a result of entrepreneurial competition and innovation that the FCC has worked so hard to promote and what Congress originally intended.

Now is not the time for the FCC to change its policy of keeping a portion of the PCS spectrum for Designated Entities. Promoting competition, diversity and efficient use of the spectrum in the wireless marketplace via the participation of small business in PCS – as Congress recognized and required – is a goal worth achieving. It brings new service and lower costs to U.S. consumers. I urge you not to abandon or alter that policy and to retain the Designated Entity set aside for those C- and F- Block PCS licenses being auctioned in the future.

Barbara Boxer

United States Senator



February 22, 2000

Dans Bill:

Thank you for your call earlier this menth. I believe we had a good hearing, and our members will be better informed on specimen members will be better informed on specimen members as a result.

I heard you say it your testimony that your atmosts: ed it-eaction of Cblock licenses in July will be conducted under the same sub a and procedures
as for the original specion. I was pleased to hear that and appen that we need to
maintain the designated entity category. Despite all the difficulties of the
Next Wave situation, encouraging now entrants into the industry is the best
way to achieve the connection we need in this area.

Again, thank you for your sail. I look forward to top continued work together.

States Senator

Chairman William & Kranard Pederal Communications Commission 445 12th Street, 5W Washington, DC 20554

United States Senate

WASHINGTON, DC 20510

February 9, 2000

Hon. Trent Latt Senate Majority Leader Hon. Tom Daschle Senate Minority Leader United States Senate Washington, D.C. 20510

Dear Sen. Lott and Sen. Daschle:

Reserving a portion of the airwave spectrum for small business is an important policy to encourage economic opportunity, innovation, competition and diversity in telecommunications market. It is as important an objective as when Congress enacted the policy in 1993. We oppose any effort to eliminate reserving a portion of airwave spectrum for small business.

In our view the policy has been a success. The start-up companies that have been created because of the access to spectrum have brought innovation and competition to the marketplace. created thousands of new jobs and extended service to consumers in localities often neglected by established companies, especially in suburban and rural areas. The jobs created as a result of the small business designation, the diversification of the market, the increased innovation and the clear benefits to consumers of increased competition are important reasons to maintain the small business designation.

The success of small business participation in the wireless industry has fueled consumer demand and spectrum value has been driven up as a result. The set aside is important if small providers are to have an opportunity to penetrate the marketplace. As a result of an aberrant situation in which a small business bidder in a past auction defaulted on spectrum payments. Congress is now being urged by larger telecommunications companies to climinate the small business reservation. This would be an unfortunate retreat on an important public policy Elimination will lead to a reduced opportunity for small entities to enter the market and a reduction in competition.

Federal policy should continue to foster competition and innovation and oppose consolidation and monopolization of this vital new marketplace. We are committed to protection of the existing reservation of a portion of airwave spectrum for small businesses.

Sincercly,

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John Breauf

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United States Senate

WASHINGTON, DC 20510

December 9, 1999

Mr. William Rennard, Chairman Pederal Communications Commission Room 8-8201H 445 12th Street SW Washington, D.C. 20554

Dear Mr. Kennard:

I am writing in behalf of Mr. Frank Noverr, President of NPI Wireless, regarding C-block licenses.

As you will note from the enclosed correspondence, Mr. Noverr states that NPI Wireless purchased licenses in 1995 to provide personal communication services to residents of Northwest Lower Michigan. Mr. Noverr is concerned with the manner by which the Federal Communications Commission (FCC) has been handling the bankruptcy of Nextwave Telecom, Inc. C-block licenses were originally set aside to encourage competition by small and minority businesses in this portion of the telecommunications market. However, FCC Gen. Counsel Christopher Wright has indicated the FCC may be willing to sell Nextwave Telecom, Inc.'s licenses directly to Nextel Communications, Inc.

I would appreciate your review of this matter and response as to why these C-block licenses, if re-auctioned, would not be re-auctioned to small and minority businesses. Please also indicate how the PCC intends to continue to promote the small and minority businesses which have already been successful in the use of C-block licenses.

Your reply may be directed to my Traverse City office. Thank you for your cooperation.

Sincerely,

Carl Levin

Carl Levi

CL/hkc

Congress of the United States

April 7, 2000

Chairman William B. Kennard
Commissioner Harold Furchtgott-Roth
Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Gloria Tristani
Pederal Communications Commission
445 12th St., SW
Washington, DC 20554

Dear Commissioners:

We write to express our strong support for retaining the existing reservation of radio spectrum for "designated entities." and to urge you not to waive or dilute this requirement in the scheduled re-auction of previously-reserved spectrum in the C- and F-Blocks.

As you know, when Congress established the spectrum auction procedure in 1993, we directed the FCC to "promot[e] economic opportunity and competition and ensur[e] that new and innovative technologies are readily accessible to the American people by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women." 47 U.S.C. § 309(j)(3)(B). The FCC has implemented this directive by reserving specific portions of spectrum for suction only to "designated outlies."

This policy of reserving spectrum has been tremendously successful in achieving Congress' goals: In the reserved C-Block PCS auctions, 31 companies owned by minorities and/or women won a total of 86 licenses. By contrast, in the A- and B-Block PCS auctions, which were open to all comers, no minority-owned businesses won licenses, and only one women-owned business won just a single license. Thanks to the designated entities reservation, the FCC was able to conclude that "it is clear that the Congressional mandate to disseminate licenses among a wide variety of applicants including small businesses, rural telephone companies, and businesses owned by women and minorities has been successfully mot."

Unfortunately, as a result of the Supreme Court's subsequent Adarsard decision, the FCC made no distinct provision for minority- and women-owned businesses. The FCC itself reported to Congress that: "By including special provisions for small business, the Commission has been able to increase opportunities not only for small businesses but also for minority- and women-owned businesses — because many minority- and women-owned entities are also small businesses." (The FCC Report to Congress on Spectrum Auctions, September 30, 1997, p. 29).

The tremendous growth of technology and communications-oriented businesses has driven the country's current economic prosperity. However, not all segments of society have shared equally in this economic growth. As you know, there is a great deal of discussion today about the growing "digital divide" in America. It is vitally important that we not undermine policies that have been proven to be successful in creating new economic opportunities for minorities and women, such as the designated entity-only spectrum suctions.

In this regard, we are very concerned about reports that the FCC is considering granting waivers to a number of giant telecommunications companies to allow them to bid on this small business spectrum, giving designated entitles a limited form of bidding credits. Bidding credits, as the FCC found previously, may not protect opportunity for designated entities. The national giants will simply pay a "monopoly premium" to overwhelm the designated antitles in the auction. Limiting the re-auction to designated entities only is consistent with Congress' directive above to prescribe bandwidth assignments to promote economic apportunity for small businesses, rural telephone companies, and businesses owned by members of minority groups and women.

In the alternative, to ensure the participation of minority business enterprises, you should at least consider splitting the 30 MHz licenses into 20 MHz and 10 MHz blocks and continuing the existing designated excity policy for all of the 10 MHz licenses. For the 20 MHz, you should continue to allow the use of bidding credits. This will satisfy the needs that the larger carriers have expressed for more spectrum while retaining the existing program for blocks of spectrum that the MBEs can acquire and build-out.

The failure of a few new businesses should not prompt a change in an overwhelmingly successful policy. Despite the claims of the telecommunications glants, the fact is that only eight of the 141 designated entities which won spectrum licenses have filed for bankruptcy— which is actually a great rate of success for a group of new, start-up businesses.

The designated entity restriction has worked. In addition to successfully ensuring economic opportunity for new outsants, including minority- and women-owned businesses, in the telecommunications market, it has created thousands of new jobs, brought advanced communications services to areas which were unserved or underserved by the established telecommunications giants, and created vibrant competition in this market.

We urge you not to undercut this successful program.

Member of Congress

Edolphus Towns
Member of Congress

Albert Russell Wynn
Member of Congress

Congress of the United States

Wishington, DC 20515

April 6, 2000

Chairman William E. Kennard
Commissioner Harold Furchtgott-Roth
Commissioner Susan Ness
Commissioner Michael Powell
Commissioner Gloria Tristani
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

Dear Commissioners:

We are writing to inform you of our strong opposition to the elimination of the existing reservation of a portion of airwave spectrum for small businesses. Specifically, we believe that any C- and F- Block PCS licenses which are re-auctioned should continue to be restricted to small businesses or "designated entities." The policy behind the reservation of a portion of airwave spectrum for small businesses -- to encourage economic opportunity, innovation, competition and diversity in telecommunications -- is as vital today as it was in 1993, when Congress passed the legislation which led to the FCC rules restricting certain spectrum to small businesses.

In our view that policy has been a great success. It has promoted the growth of dynamic start-up companies, which have created thousands of new jobs, brought advanced communications services to areas which were unserved or underserved by the established telecommunications giants, and created vibrant competition in the telecommunications market.

Despite the notoriety of a few failures which atose from the original C-Block auction, it is important to note that these companies have been quite successful overall. Indeed, only eight of the 141 designated entities which won spectrum licenses have filed for bankruptcy -- and none of those that first obtained their spectrum after the FCC corrected the shortcomings which were identified in the original C-Block auction.

Bidding credits, in our view, are not sufficient to achieve these same results. The smaller licensees have a much greater incentive to bring their services to market in underserved areas than do the larger companies, with their established revenue streams.

The thousands of jobs created as a result of the small business designation, the diversification of the market and the innovation that is taking place, as well as the clear benefits to consumers from active competition in this industry lend strong support to keeping the small business designation intact.

Sincerely,

Steve Largent

Esit L. Engel

Ralph M Hall

RONNIE SHOWS

Committee on Transportation and Infrastructure

Committee on Veterans' Affairs



SERVING RESIDENTS OF COUNTIES:
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Franklin Hinds Jetterson Davis
10005 Lawrence Lineala Marioa
Pike Simpson Walhalt Wilkingson

Congress of the Anited States Nonse of Representatives Bushington, BC 20515-2404

April 3, 2000

Mr. William Kennard
Chairman
Federal Communications Commission
445 12th Street, SW, Room 8-B201H
Washington, DC 20554

FILE

Re: Re-Auction of Certain C and F Block Broadband Licenses

Dear Mr. Chairman:

I write to you regarding the Commission's pending plans to re-auction this gummer PCS spectrum that has been allocated exclusively for small businesses. I am commenced that the Commission is being asked by some of the nation's largest companies to now abandon its small business rules, or to modify them such that they become an effective nullity.

Just as PCS spectrum is being viewed as increasing in value, several of the nation's largest telecommunications carriers have urged the Commission to abandon established small business protections and to make spectrum available to them. Regrettably, rather than urge directly that small businesses be abandoned, they argue that small businesses can somehow remain protected, even if their established spectrum set aside is removed, simply by retaining in place some unspecified form of bidding credits. Blundy put, bidding credits will not work because credits cannot be high enough to offset the considerable economic advantages that large communics have over small ones. Were the Commission to retain only hidding credits, it should admit up front that it is closing one of its most admirable chapters and signaling the death of small businesses as PCS providers.

Grant of this rule change sought by the largest carriers of the wireless industry would have consumers — especially those in small towns and rural areas that are undescrived and who constitute a portion of the "digital divide" that you have properly attempted to crase. It is the small businesses who have to date willingly reached out to smaller markets while their hig company brethren focus on the more profitable, larger markets.

I ask that the Commission not abandon either small businesses or that considerable portion of the consumers' market that they serve particularly well.

Sincorely.

RONNIE SHOWS
Member of Congress

RS:pa

109 Cammin Railding Washington, DC 20515 (202) 223-1865 (202) 223-585A FAX http://www.house.gov/chown 24) E. Capitol. Suite 222 fackson, \$15 3920) (501) 552-1355 (571) 552-9044 F4-X 243 John R. Junkin Drive, Suice D Naichez, MS 39120 (601) 446-8825 (601) 446-7250 FAX 1281; Southell Road Laurd, MS 39440 (601) 425-4999 (601) 425-5428 FAX 21 CANNON HOUSE OFFICE BUILDING W ASHINGTON, DC 20915 (2021 225-5031

> 827 2240 AVENUE MERIDIAN, MS 39201 1801 893-6841

TTO D AIRPORT ROAD PEAL MS 19208 17071 52-2410

2080 AIRPORT ROAD, SUITE D COLUMBUS, MS 35701 (891) 327-2788

CHIP PICKERING

Congress of the United States House of Representatives

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ASSISTANT WHIP AT LARGE REPUBLICAN POLICY COMMITTEE

March 22, 2000

The Honorable William E. Kennard Federal Communications Commission 445 12th Street, SW Washington, D.C.

Dear Chairman Kennard:

I am writing in regards to the Commission's pending proceedings addressing potential changes in the Commission's rules designed to protect small businesses regarding the conduct of PCS auctions. I urge you to maintain the Commission's well-established record of preserving spectrum for small businesses.

PCS spectrum has been viewed as having recently increased substantially in value. In this context, several of the nation's largest telecommunications carriers have recently urged the Commission to make available to them spectrum that the Commission has already allocated specifically to small businesses. Among other things, these carriers assert that meaningful small business eligibility protections are not necessary because the Commission could instead utilize bidding credits. Bidding credits, while helpful in theory, will not provide the needed protection to small businesses that will enable the Commission to comply with its statutory mandate to avoid undue concentration of licenses and to assure that small businesses have an opportunity to compete meaningfully in those spectrum auctions. Should the Commission determine that bidding credits will be the only relief afforded to small businesses, the Commission should recognize that such action is tantamount to abandoning small businesses entirely.

History has demonstrated that, except where spectrum is either newly allocated or of questionable value, spectrum set asides are necessary to enable small businesses to compete for licenses. The FCC's A/B Hand auction and it's 800 MHz SMR auction both demonstrate that which the Commission previously foresaw: in the absence of separate eligibility restrictions, small businesses have virtually no chance of outbidding larger carriers seeking to obtain strategic or otherwise valuable licenses. In addition, should small business entities not be able to acquire medium-sized markets, they will not be able to provide service to outlying areas in that they will not have a high density population base from which to extend operations into smaller markets. Small businesses have to date been vital in providing service to rural and lowly populated areas throughout the country. An inability to obtain more licenses would both undermine their license investment to date and inhibit the ability of subscribers in rural areas to receive service.

In closing, I appreciate your attention to this matter and look forward to your response. Please feel free to contact me personally at 202-225-5031 if you have any questions. With best wishes, I am

Simposely you

Chip Hickering

CWP:mc

cc: Commissioner Susan Ness

Commissioner Harold Furchgott-Roth

Commissioner Michael Powell
Commissioner Gloria Tristani



CHANDLE COMMITTEE

STREET BOTTON MALPHEATISHER, TRADE, AND CONSIDER PROTECTION DESIGN AND POWER BUDGINGAN ONA SOMARC MATERIALE

CONGRESS OF THE UNITED STATES HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20615

March 13, 2000

The Honorable William Kennard Chairman Federal Communications Commission 445 12th Street, N. W. Washington, DC 20554

Dear Chairman Kannard:

I write to express my support and edcourage the FCC to preserve the C- and F- Block spectrum as "designated entities" set-aside blocks for the July 2000 auction. As you know, these designated entities include many small minority-owned companies who are qualified to bid in the apcoming re-suction of PCS operating licenses. I believe it is critical that we keep this spectrum set-scide

By retaining the current designation entity eligibility restrictions, the FCC will indeed preserve competition in the fast-consolidating wireless industry and ultimately enfeguard the rights of consumers. More competition in the wifeless industry will foster new innovation, new services. more choices, and lower prices. The end result, wireless will become more accessible for everyone. Thus, halping in the effort to bridge the ever-present "digital divide".

The 1996 Telecom Act encouraged us to bring fresh competition to phone service. I believe by preserving the set-aside for "designated entities" we are doing just that I thank you for your time and attention and I urge you to give this matter all due consideration.

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Congress of the United States

Washington, DC 20515

March 10, 2000

Mr. William E. Kennard Chairman Federal Communications Commission 445 12th Street, SW Washington, DC 20554

Dear Chairman Kennard:

We are writing to express our opposition to any requests for a waiver of the designated entity set-aside in the operating spectrum section scheduled for July 26, 2000. When Congress amended the Communications Act in 1993, we directed the Federal Communications. Commission (FCC) to "develop methodologies that promote the development and rapid deployment of new technologies; promote comomic opportunity and competition and commo that new and immunity technologies are available to the American people by avoiding excessive concentration and by disseminating licenses among a wide variety of applicants..." (House Configure Report 103-213 pg 482). As a moult, the FCC established a set saide category during spectrum suctions for designated cutities to ensure the guals of the 1993 Act were accomplished.

The FCC has continued in policy of keeping a portion of PCS spectrum set saids for qualified entrepreneurs and small businesses. Not withstanding a few well-publicized cases, this policy has been a success. In April 1999, the FCC completed a successful re-section of Entrepreneur's Block lineness consistent with these goals. Three hundred thirty nine C-Block licenses were successfully reintroduced rapidly and efficiently bank into the wholess marketplace. This re-anction provides a case study of the benefits the American public specives as a result of entrepreneurial competition and impossion that the FCC has worked so hard to promote and what Congress originally intended.

Now is not the time for the PCC to change its policy of keeping a portion of the PCS spectrum for designated satisfies. Promoting exceptition, diversity and efficient use of the spectrum in the wireless marketplace via the participation of small business in PCS is a goal worth schieving. It brings new service and lower costs to U.S. consumers. We tage you not to abandon or after that policy and to retain the designated entity set saids for those C and P Block PCS licensus being re-suctioned in the future.

Sincerely,

Randy 'Duke' Cunningham, M.C.

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U.S. Boust of Representatives Committee on Commette Long 2125, Agrain Base Ollie Building Washington, MC 20515—6115

March 5, 2000

Sent El Bed philippin summer

The Honorshie William P. Kennard Chairman Federal Cutumunications Commission 445 12th Street, S.W. Weshingson, D.C. 20554

Dear Chairman Kennani:

I am writing to express my strong opposition to the enquest for wriver of the designand entity and spectrum cap rules for the personal communications survice (PCS) anction scheduled to begin July 26, 2000. This request was filed by SBC Communications, for, on January 31, 2000. For the resease discussed below, I true the Commission to deny SBC's request.

In ensering Section 309(j) of the Communications Act of 1934, as amended. Communication to "develop methodologies that promote the development and rapid deployment of new technologies; persons acanomic opportunity and compatition and course that new and innovative technologies are available to the American people by avaiding excessive concentration and by disconnecting develops a wide variety of applicates..." H.R. Conf. Rep. No. 103-213, at 482 (1941) (amphasis added); see also 47 U.S.C. § 309(j)(3)(B).

As recently as September of last year, the Commission wisely declined to eliminate the spectrum cap for commercial mobile radio service (CMRS). After concluding its blemmal review of spectrum appropriate limits, the Commission retained the tule, staring its purpose was, in part, "to ensure that licenses would be distributed among a diverse group of entiries." The Commission mand that "emphasision is increasing in CMRS markets," but that "there remain significant tensors to be concerned about the effects of undue concernation of CMRS spectrum."

This proceeding was concluded less than five months up. Since that time there have been several significant mergers and alliances within the wireless industry that have reduced the number of licensees and increased market concentration. In my view, the Commission should

The Amorable William E. Kennard Page 2

herd to its proven policy of firstering must vignous competition, and reject the effects of large operators to reduce the competitive pressures they must bee in the must-eplace.

The Commission has a fine track record in making sure PCS licenses were dissentinged widely in order to exemptage ruleust examptition in this developing market. Communes have benefitted greatly from the Commission's actions to date. Priors for wireless service are declining, and commerce have a vast array of options from which to choose. However, this transculous progress is susceptible to reversal, sail is likely to be negatively affected if large, entereded operators are permitted to participate in the operating PCS suctions, particularly if they were permitted to further consolidate wireless holdings in individual numbers.

Despite the chetoric contained in the commune of these large operanes, if the Commission waives existing eligibility requirements, these companies would be in a position to exclude officient competition; reduce the quantity and quality of services provided; and increase proces to the destinant of consumers.

The public deserves better than this

ichn D. Dingell Ranking Member

ce: Commissioner Susac Ness

Commissioner Revold Furchment-Roth

Commissioner Michael Powell Commissioner Gloria Tristani

FRUN PACKARD

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Congress of the Cinited States Ionare at Representatives

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February 17, 2000

Mr. William B. Konnard, Chaltman Padoral Connectorications Commission 445 12° Street SW Room 88201 Washington, DC 20554

Dear Mr. Chairman

I am writing regarding polantial changes to the FCC's policy of reserving a portion of spectrum for "designated entities." In 1995, Compress swichded the Communications Act to inflicates the PCC to auction licenses for portions of the radio spectrum. In so desing, Compress sought to come participation in these auctions, and in the provision of spectrum-based services generally, by annall busingssee.

The FCC has continued its policy of reserving a partion of spectrum for qualified entrapsibusters and goall businesses. Notwithstanding a flow wall-publicated eases, the system has been quite sincresuful. In April 1999, the FCC completed a se-suction of entraparater's block licenses consistent with thin goal. 206 30 MHZ C-block licenses and 133 15 MHZ C-block ficzasses were successfully reintroduced into the wireless marketphon.

I am concerned by reports that the PCC risy alter its policy of setting saids spectrum the designated entitles. Premoting competition, diversity, and efficient use of the spectrum in the window markstylings through the participation of small businesses is a goal worth achieving. I encourage you to give serious consideration to how my proposed changes in the designated entity policy would affect small businesses and American consumers.

my staff can be af sankenes to you in this or any related matric Thank you for taking the time to review my concerns. Please do not be single in comtact me if I or

Sincerely,

Ron Packard
Member of Congress

RP/alw

BRIAN P. BILBRAY

COMMERCE COMMITTEE

Subcounties on Health and Bnvirdhent

SUBCOMMITTEE ON FINANCE AND HAZARDOUS MATERIALS

> SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS



Congress of the United States House of Representatives Washington, WC 20515

February 15, 2001

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Mr. William E. Kennard, Chairman Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554

Dear Chairman Kennar

When Congress amended the Communications Act in 1993 to give the FCC explicit authority to use auctions to choose among mutually exclusive applications for initial licenses to use radio spectrum, it did so with a specific goal in mind. This was to ensure participation in auction and in the provision of spectrum-based services by small businesses, rural telephone companies, and women and minority-owned businesses. These are often referred to as "designated entities".

Since that time, the PCC has continued its policy of maintaining a "set aside" of PCS spectrum for qualified small businesses and entrepreneurs, which has by and large met with great success. In April of 1999, the FCC completed a successful re-auction of Entrepreneur's Block licenses in a manner consistent with the aforementioned goals. 339 (>Block licenses were subsequently reintroduced rapidly and efficiently back into the wireless marketplace.

Given the success to date of this policy, I believe that it would be most inappropriate at this time for the FCC to consider altering its practice of maintaining a portion of PCS spectrum for "designated entities". Promoting competition, diversity, and efficient uses of wireless spectrum in the marketplace (as required by Congress) remains an important goal, and helps to roll out new services and lower costs to U.S. consumers. Having said this, I would urge you to retain the designated entity status of those C and F-block PCS licenses which are due to be re-auctioned by the FCC in the future.

Thank you in advance for your consideration.

Sincerely.

Brian Bilbray

Member of Congress

BART STUPAK

234K RAMANIM BUILDING
WASHINGTON, DC 20615
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COMMERCE

January 13, 2000

House of BepresentativesWashington, **BC** 20515—2201

LAW ENADAGEMENT COURSES
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MR WOLLIAM KENNARD
CITALRMAN
FEDERAL COMMUNICATION COMMISSION
445 12TH ST #8-B201
WASHINGTON D.C. 20554

Dear Chairman Kennard:

Enclosed is a communication from one of my constituents. Mr. Nover is concerned over reports that the Federal Communications Commission (FCC) is planning on selling licenses to Nextel Communications, Inc. without an auction. I would appreciate if you could comment on this concern on behalf of my constituent and myself.

I agree with Mr. Novert, and believe the FCC should auction the licenses pursuant to the criteria under which they were auctioned to NextWave during the original auction. Additionally, I am concerned over press reports of a possible waiver to allow the larger telecommunications companies to participate in the auction. Please inform me of the Commission's plans regarding these matters.

Thank you for your time and consideration of this request. I look forward to reviewing your response. If you have any questions, please contact my office

BART STUPAK Member of Congress

BTS/lj

Enclosure

license prices were C Block prices from Auction No. 5 is information of absolutely no relevance. Whenever Auction No. 22 prices can be used, the level of C Block prices should be completely ignored.

Similarly, ad hoc guesses about the relative value per MHz-pop of licenses for areas of greater or lesser population, as proposed by Cleartalk (p. 2-3), should not be used when Auction No. 22 prices provide a benchmark for these relative values.

This implies that the only sensible role for original C Block prices from Auction No. 5 is to set relative levels of minimum opening bids and upfront payments across licenses which were not priced in Auction No. 22. Hence, the starting point for the Commission's formula is acceptable, but ad hoc fixed percentages (e.g., 10%) are not the most logical indicator: the key clue to what the proper percentage is should come from Auction No. 22 prices.

Steps To Arriving at a Sensible Formula Based On Auction No. 22 Prices

First, segregate licenses into classes of similar value (per MHz-pop) based on Auction No. 22 prices. For this purpose, use a small fraction of the minimum opening bids for the 45 licenses unsold, perhaps 1/3 or 1/4. Initially, small classes like licenses for populations under 100,000, and 100,000 to 250,000, and similarly on up, can be constructed. If the samples of prices per MHz-pop in two adjacent small classes are not statistically different, combine the two classes. End up with final population classes organized by license size within which prices are similar, and between which are significantly different statistically.

Next, within each class, establish a minimum opening bid via the formula:

⁶ See Carolina PCS I Limited Partnership (p. 6), Conestoga Wireless (p. 2-3, 6).

 $MinBid_i = Open \ x \ PriceC_i \ x \ (ClassAvg22_c / ClassAvgC_c).$

In this formula, the subscript i indicates a particular license, and c indicates which final population class that license is in (for example, this might be 100,000 to 250,000 population). MinBid_i is the minimum bid on license i. Open is a parameter, the same for all licenses in auction 35, which is the ratio of minimum opening bid to estimated asset value. We recommend setting Open equal to 10%, consistent with precedent. PriceC_i is the price in \$/MHz-pop for which BTA i sold in the original C Block auction. The ratio in parentheses is what prevents the formula from being completely ad hoc, and limits usage of C Block prices to relative valuation. ClassAvg22_c is the average \$/MHz-pop of all licenses in auction 22 which were in the same final population class (indicated by c) as license i. ClassAvgC_c is the average \$/MHz-pop for the same class of licenses from the original C Block auction. Upfront payments could then be set to twice minimum opening bids, or

Upfront = $2 \times Open \times PriceC_i \times (ClassAvg22_c / ClassAvgC_c)$.

These formulae provide a logical means to address all the concerns raised by commenters concerned that upfront and minimum bid amounts as proposed by the Commission are set too high. In particular, concerns that licenses for less populous areas ought to have lower minimum opening bids are automatically addressed by these formulae in a rational, not an arbitrary, manner.

Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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In the Matter of)	- 5 2000
C and F Block Broadband PCS Spectrum))	OFFICE OF THE SECRETARY
Auction Scheduled for July 26, 2000)	DA 00 504
Comment Sought on Reserve Prices or Minimum Opening Bids and Other)	DA 00-504
Auction Procedural Issues)	

REPLY COMMENTS OF 3G NETWORK HOLDINGS

3G Network Holdings ("3G Networks"), a Washington D.C.-based early stage start-up company that seeks to participate in the upcoming auction for C and F Block licenses, through its president and CEO, respectfully submits these reply comments in response to the above-captioned Public Notice.¹ The Commission has invited comment regarding procedures for Auction No. 35, currently scheduled for July 26, 2000. In response to concerns raised by several commenters in this proceeding, 3G Networks urges the Commission to adopt the revised formulae for determining upfront payments and minimum opening bids, as set forth herein. If adopted, this will ensure that few, if any, licenses remain unsold at the auction's conclusion and also will afford small businesses a meaningful opportunity to participate in the provision of spectrum-based services, as mandated by Congress.² To this end, the Commission must reject as untimely and ill-advised the self-serving proposals of those commenters which, through

¹ See "C and F Block Broadband PCS Spectrum Auction Scheduled for July 26, 2000 Comment Sought on Reserve Prices or Minimum Opening Bids and Other Auction Procedural Issues," Report No. AUC-00-35-A (Auction No. 35) *Public Notice*, DA 00-504 (released March 3, 2000) ("Public Notice").

² See Communications Act of 1934, as amended, § 309(j)(4)(D), 47 U.S.C. § 309(j)(4)(D).

various pending petitions and waiver requests filed in related proceedings, seek to gut pro-competition entrepreneur and small business provisions.³ The underlying rationale that guided the Commission's original determinations with regards to the C and F Blocks has not changed.⁴

The Commission Should Adopt Revised Formulae For Determining Upfront Payments and Minimum Opening Bids Based On More Accurate Indicators

When later rounds in auctions can proceed quickly, there is virtually no cost to setting minimum opening bids too low. In contrast, the cost of setting minimum opening bids too high is dramatically larger. Some of the cost of too-high minimum opening bids is in the administrative costs of reauctions and delayed receipt of revenues to the government. Much more is in delayed usage of spectrum, costing the public both in services and coverage as well as in delayed or even denied benefits of competitive pressures on prices.

In smaller markets where the ability to support a fifth, sixth or seventh competitor is less certain, the potential competition from holders of Auction No. 35 licenses will be lost forever if incumbents get too large a head start on the ultimate winners of these licenses. This is likely to occur if these licenses go unsold yet again because upfront payments and minimum opening bids are set unrealistically high, as several commenters remarked, necessitating yet another auction at a later date. Moreover, the Commission sees perhaps less than \$1 in \$100 of the cost of delays and reauctions; whereas bidders who must reexamine rules, rebuild business plans, rearrange financial backing and

³ See Comments of Nextel (p. 2-4), SBC Communications (p. 2), and GTE (p. 1-3), incorporating by reference several Public Notices.

⁴ See 47 C.F.R. §§ 24.709 and 24.720; Implementation of Section 309(j) of the Communications Act--Competitive Bidding, PP Docket 93-253, Fifth Report and Order, 9 FCC Rcd 5532 (1994), Fifth Memorandum Opinion and Order, 10 FCC Rcd 403 (1994), Sixth Report and Order, 11 FCC Rcd 136 (1995).

continue to retain lawyers, consultants and other specialized auction-related personnel face in aggregate costs that are far higher.

To further ensure that few, if any, licenses remain unsold at the conclusion of Auction No. 35, for markets that initially do not draw any bids the Commission should reduce minimum opening bids much faster than in previous auctions. Certainly by round 3, minimum opening bids need to be cut dramatically, at least by one-third if not one-half, on any licenses that have drawn no bids. Moreover, the Commission ought to announce, well in advance of this auction, a policy of restoring bidders to their original allocation of five activity waivers any time a license for which they remain eligible to bid has seen a decrease in minimum opening bid.

Most of the information that can usefully be inferred from C Block prices was fully available to bidders in Auction No. 22, held just one year ago. Thus, the best information as to how much overbidding occurred in the original C Block prices from Auction No. 5 is fully reflected in Auction No. 22 outcomes. Moreover, the bidders in Auction No. 22 presumably considered the likelihood of the later reauction of NextWave licenses when they placed their bids, so no significant information that has become available to the Commission since Auction No. 22 is likely not to have been reflected in Auction 22 prices. Those prices are the best guide as to what is fair market value for both upfront payments and minimum opening bids for the licenses in the upcoming C and F Block auction, not the inflated bids from defaulted bidders, as commenters point out.⁶

As a result, appropriate determination of upfront payments and minimum bids can relate to original C Block prices **solely** for types of information that are unavailable in Auction No. 22 prices. First and foremost, how far above comparable Auction No. 22

⁵ See Comments of Cleartalk (p. 2), Conestoga Wireless (p. 1, 6) and UT Starcom (p. 1).

CONCLUSION

The Commission should reject attempts to eliminate meaningful entrepreneur and small business participation in the C and F Block auction and revise the proposed formulae for determining upfront payments and minimum opening bids based on more accurate indicators, as proposed above. The Commission also should adopt the other changes proposed to ensure that few, if any, licenses remain unsold at the auction's conclusion.

Respectfully submitted,

3G NETWORK-HOLDINGS

John Prawat

CEO and President

3G NETWORK HOLDINGS

1025 Connecticut Avenue, N.W., Suite 1012

Washington, D.C. 20036

202-425-7100

April 4, 2000

CERTIFICATE OF SERVICE

I, John Prawat, hereby certify that copies of the foregoing "Reply Comments of 3G Network Holdings" were sent this 4th day of April 2000, by hand or first-class mail addressed to the following:

William E. Kennard, Chairman Federal Communications Commission 445 12th Street, S.W., Room 8-B201 Washington, D.C. 20554

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Commissioner Susan Ness Federal Communications Commission 445 12th Street, S.W., Room 8-B115 Washington, D.C. 20554

Commissioner Michael Powell Federal Communications Commission 445 12th Street, S.W., Room 8-A204 Washington, D.C. 20554

Commissioner Gloria Tristani Federal Communications Commission 445 12th Street, S.W., Room 8-C302 Washington, D.C. 20554

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John Prawat